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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From:
Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE
Washington, DC 20549-2736

Extension: Rule 19b-4 and Form 19b-4 Filings with Respect to Proposed Rule Changes, Securities-Based Swap Submissions, and Advance Notices by Self-Regulatory Organizations and the Security-Based Swap Stay of Clearing Requirement

SEC File No. 270-38, OMB Control No. 3235-0045

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the of the previously approved collection of information provided for in Rule 19b-4 (17 CFR 240.19b-4), under the Securities Exchange Act of 1934 (“Act”) (15 U.S.C. 78a et seq.).

Section 19(b) of the Act (15 U.S.C. 78s(b)) requires each self-regulatory organization (“SRO”) to file with the Commission copies of any proposed rule, or any proposed change in, addition to, or deletion from the rules of such SRO. Rule 19b-4 implements the requirements of Section 19(b) by requiring the SROs to file their proposed rule changes on Form 19b-4 and by clarifying which actions taken by SROs are subject to the filing requirement set forth in Section 19(b). Rule 19b-4(n) requires a designated clearing agency to provide the Commission advance notice (“Advance Notice”) of any proposed change to its rules, procedures, or operations that could materially affect the nature or level of risks presented by such clearing agency. Rule 19b-4(o) requires a registered clearing agency to submit for a Commission determination any security-based

swap, or any group, category, type, or class of security-based swaps it plans to accept for clearing (“Security-Based Swap Submission”), and provide notice to its members of such submissions.

The collection of information is designed to provide the Commission with the information necessary to determine, as required by the Act, whether the proposed rule change is consistent with the Act and the rules thereunder. The information is used to determine if the proposed rule change should be approved, disapproved, suspended, or if proceedings should be instituted to determine whether to approve or disapprove the proposed rule change.

The respondents to the collection of information are SROs (as defined by Section 3(a)(26) of the Act)¹, including national securities exchanges, national securities associations, registered clearing agencies, notice registered securities future product exchanges, and the Municipal Securities Rulemaking Board.

In calendar year 2015, each respondent filed an average of approximately 57 proposed rule changes. Each filing takes approximately 39 hours to complete on average. Thus, the total annual reporting burden for filing proposed rule changes with the Commission is 86,697 hours (57 proposals per year x 39 SROs x 39 hours per filing) for the estimated future number of 39 SROs.² In addition to filing their proposed rule changes with the Commission, the respondents also are required to post each of their proposals on their respective websites, a process that takes approximately four hours to complete per proposal. Thus, for 1,935 proposals, the total annual

¹ 15 U.S.C. 78c(a)(26).

² For most of 2015, 34 SROs were registered. One registered SRO withdrew in December 2015 and one SRO newly registered with the Commission in January 2016. The Commission expects five additional respondents to register during the three-year period for which this PRA Extension is applicable (three as registered clearing agencies and two as national securities exchanges), bringing the total number of respondents to 39.

reporting burden on respondents to post the proposals on their websites is 7,740 hours (1,935 proposals per year x 4 hours per filing) or 8,892 hours (57 proposals per year x 39 SROs x 4 hours per filing) for the estimated future number of 39 SROs. Further, the respondents are required to update their rulebooks, which they maintain on their websites, to reflect the changes that they make in each proposal they file. Thus, for all filings that were not withdrawn by a respondent (240 withdrawn filings in calendar year 2015) or disapproved by the Commission (6 disapproved filings in calendar year 2015), the respondents were required to update their online rulebooks to reflect the effectiveness of 1,689 proposals, each of which takes approximately four hours to complete per proposal. Thus, the total annual reporting burden for updating online rulebooks is 7,764 hours ((2,223 filings per year – 275 withdrawn filings³ – 7 disapproved filings⁴) x 4 hours). Finally, a respondent is required to notify the Commission if it does not post a proposed rule change on its website on the same day that it filed the proposal with the Commission. The Commission estimates that SROs will fail to post proposed rule changes on their websites on the same day as the filing 22 times a year (across all SROs), and that each SRO will spend approximately one hour preparing and submitting such notice to the Commission, resulting in a total annual burden of 22 hours (22 notices x 1 hour per notice).

Designated clearing agencies have additional information collection burdens. As noted above, pursuant to Rule 19b-4(n), a designated clearing agency must file with the Commission an Advance Notice of any proposed change to its rules, procedures, or operations that could materially affect the nature or level of risks presented by such designated clearing agency. The Commission

³ For 34 SROs, 240 withdrawn filings equal approximately 7.06 filings per SRO. For 39 SROs, the figure would increase to 275 withdrawn filings.

estimates that four designated clearing agencies will each submit five Advance Notices per year, with each submission taking 90 hours to complete. The total annual reporting burden for filing Advance Notices is therefore 1,800 hours (4 designated clearing agencies x 5 Advance Notices per year x 90 hours per response).

Designated clearing agencies are required to post all Advance Notices to their websites, each of which takes approximately four hours to complete. For five Advance Notices, the total annual reporting burden for posting them to respondents' websites is 80 hours (4 designated clearing agencies x 5 Advance Notices per year x 4 hours per website posting). Respondents are required to update the postings of those Advance Notices that become effective, each of which takes approximately four hours to complete. The total annual reporting burden for updating Advance Notices on the respondents' websites is 80 hours (4 designated clearing agencies x 5 Advance Notices per year x 4 hours per website posting).

Pursuant to Rule 19b-4(n)(5), the respondents are also required to provide copies of all materials submitted to the Commission relating to an Advance Notice to the Board of Governors of the Federal Reserve System ("Board") contemporaneously with such submission to the Commission, which is estimated to take two hours. The total annual reporting burden for designated clearing agencies to meet this requirement is 40 hours (4 designated clearing agencies x 5 Advance Notices per year x 2 hours per response).

The Commission estimates that three security-based swap clearing agencies will each submit 20 Security-Based Swap Submissions per year, with each submission taking 140 hours to complete resulting in a total annual reporting burden of 8,400 hours (3 respondent clearing

⁴ For 34 SROs, six disapproved filings equal approximately 0.18 filings per SRO. For 39 SROs, the figure would increase to seven disapproved filings.

agencies x 20 Security-Based Swap Submissions per year x 140 hours per response). Respondent clearing agencies are required to post all Security-Based Swap Submissions to their websites, each of which takes approximately four hours to complete. For 20 Security-Based Swap Submissions, the total annual reporting burden for posting them to the three respondents' websites is 240 hours (3 respondent clearing agencies x 20 Security-Based Swap Submissions per year x 4 hours per website posting). In addition, three clearing agencies that have not previously posted Security-Based Swap Submissions, Advance Notices, and proposed rule changes on their websites may need to update their existing websites to post such filings online. The Commission estimates that each of these three clearing agencies would spend approximately 15 hours updating its existing website, resulting in a total one-time burden of 45 hours (3 respondent clearing agencies x 15 hours per website update) or 15 hours annualized over three years.

Respondent clearing agencies will also have to provide training to staff members using the Electronic Form 19b-4 Filing System ("EFFS") to submit Security-Based Swap Submissions, Advance Notices, and/or proposed rule changes electronically. The Commission estimates that one anticipated security-based swap clearing agency will spend approximately 20 hours training all staff members who will use EFFS to submit Security-Based Swap Submissions, Advance Notices, and/or proposed rule changes electronically, or 6.7 hours annualized over three years. The Commission also estimates that one anticipated clearing agency will have a one-time burden of 130 hours to draft and implement internal policies and procedures for using EFFS to make these submissions, or 43.3 hours annualized over three years. The Commission estimates that each of the 39 respondents will spend 10 hours each year training new compliance staff members and updating the training of existing compliance staff members to use EFFS, for a total annual burden of 390 hours (39 respondent SROs x 10 hours).

In connection with Security-Based Swap Submissions, counterparties may apply for a stay from a mandatory clearing requirement under Rule 3Ca-1. The Commission estimates that each clearing agency will submit five applications for stays from a clearing requirement per year and it will take approximately 18 hours to retrieve, review, and submit each application. Thus, the total annual reporting burden for the Rule 3Ca-1 stay of clearing requirement would be 270 hours (3 respondent clearing agencies x 5 stay of clearing applications per year x 18 hours to retrieve, review, and submit the stay of clearing information).

Based on the above, the total estimated annual response burden pursuant to Rule 19b-4 and Form 19b-4 is the sum of the total annual reporting burdens for filing proposed rule changes, Advance Notices, and Security-Based Swap Submissions; training staff to file such proposals; drafting, modifying, and implementing internal policies and procedures for filing such proposals; posting each proposal on the respondents' websites; updating websites to enable posting of proposals; updating the respondents' online rulebooks to reflect the proposals that became effective; submitting copies of Advance Notices to the Board; and applying for stays from clearing requirements, which is 114,740 hours.

Compliance with Rule 19b-4 is mandatory. Information received in response to Rule 19b-4 shall not be kept confidential; the information collected is public information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of

Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Shagufta_Ahmed@omb.eop.gov; and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street, NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: August 19, 2016

Brent J. Fields
Secretary

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